

# EXHIBIT 5

## Michael Allen - Pinnacle

---

**From:** McGuire, George <mcguirg@bsk.com>  
**Sent:** Monday, May 23, 2022 2:30 PM  
**To:** Derek Decker  
**Subject:** FW: Pinnacle Employee Services | Trademark Dispute  
**Attachments:** PH Web User Information 4.30.2019 - 4.30.2022.xlsx

3/3

### George R. McGuire

Chair, Intellectual Property Group  
Business  
315.218.8515 Direct  
315.218.8000 Alt  
315.218.8415 Fax  
315.278.5604 Cell  
[gmcguire@bsk.com](mailto:gmcguire@bsk.com)  
[Bio](#)



One Lincoln Center, Syracuse, NY 13202-1355

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*To protect the safety of our Bond family and greater community, our office has limited staffing and restricted access. To preserve attorney confidentiality and to ensure responsiveness, please contact me by Bond email or call and leave a message at my direct line. I will return your call or respond to your email as soon as possible.*

**For guidance on business recovery issues, visit Bond's [COVID-19 Recovery for Business](#) page. To subscribe to our COVID-related emails, please [click here](#).**

**From:** McGuire, George  
**Sent:** Monday, May 23, 2022 5:17 PM  
**To:** 'Derek Decker' <derekdecker@kroghdecker.com>  
**Subject:** RE: Pinnacle Employee Services | Trademark Dispute

Confidential Disclosure in Spirit of Compromise

Derek,

Attached are excel sheets providing website visitor data, and a zip file with copies of actual advertising pieces. In terms of direct advertising, all of it is directed to consumers in New York as that is the only state in which the client is registered to do business.

In terms of geography and sales, as mentioned above our client is only registered to conduct business and offer the services to NY based businesses, so the entirety of its sales are to NY based companies. It has a total of \$5M in sales since 2015 all in New York (and predominantly Central New York (Syracuse area)).

Our client is unaware of any instances of customer diversion seeking "pinnacle employee services" to PHC; as explained in our reply letter, the instances expressed in your letter were not to our client, but rather to another Pinnacle employee services in Texas that services the account you mentioned.

As our client discussed with your client over a year ago, in the event it was to receive any contact from a customer looking for your client, it is more than happy to refer the customer to your client.

Thanks. George

**George R. McGuire**

Chair, Intellectual Property Group

Business

315.218.8515 Direct

315.218.8000 Alt

315.218.8415 Fax

315.278.5604 Cell

[gmcguire@bsk.com](mailto:gmcguire@bsk.com)

[Bio](#)



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**For guidance on business recovery issues, visit Bond's [COVID-19 Recovery for Business](#) page. To subscribe to our COVID-related emails, please [click here](#).**

**From:** Derek Decker <[derekdecker@kroghdecker.com](mailto:derekdecker@kroghdecker.com)>

**Sent:** Friday, May 20, 2022 2:03 PM

**To:** McGuire, George <[mcguirg@bsk.com](mailto:mcguirg@bsk.com)>

**Subject:** Re: Pinnacle Employee Services | Trademark Dispute

**External Email:** Use caution before clicking links or opening attachments.

Thank you. Lets shoot for noon PST exchange via email if that works. All information protected under settlement privilege.

**DEREK C. DECKER**  
**KROGH & DECKER, LLP**  
555 Capitol Mall, Suite 700  
Sacramento, CA 95814  
916.498.9000 (p)  
916.498.9005 (f)  
[kroghdecker.com](http://kroghdecker.com)

**Connect with us on:**



## **Michael Allen - Pinnacle**

---

**From:** Joseph Masella <JMasella@PCM-Advisors.com>  
**Sent:** Thursday, November 12, 2020 6:42 AM  
**To:** Michael Allen - Pinnacle  
**Subject:** Follow-up

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Hi Michael,

I did talk to the folks at PES about some ideas to address the name-sharing issue. They are going to have their own internal discussion and get back to me. I expect to hear from them by no later than Monday. As soon as I do, I'll contact you so we can continue our conversation.

Let me know if you have questions.

Thanks, Michael.

Regards,

Joe

**Joseph Masella**  
**Chief Executive Officer**  
**Pinnacle Capital Management, LLC**  
**315 430 2651**



## Michael Allen - Pinnacle

---

**From:** Derek Decker <derekdecker@kroghdecker.com>  
**Sent:** Tuesday, August 9, 2022 12:13 PM  
**To:** Michael Allen - Pinnacle  
**Cc:** Cagil Arel  
**Subject:** FW: Pinnacle Employee Services -

**Follow Up Flag:** Flag for follow up  
**Flag Status:** Flagged

Michael here is the email I just referenced

**DEREK C. DECKER**  
**KROGH & DECKER, LLP**  
555 Capitol Mall, Suite 700  
Sacramento, CA 95814  
916.498.9000 (p)  
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---

**From:** Jenkins, Terria <tjenkins@bsk.com>  
**Date:** Tuesday, August 9, 2022 at 11:47 AM  
**To:** Taryn Glaser <tarynglaser@kroghdecker.com>, Derek Decker <derekdecker@kroghdecker.com>  
**Cc:** Jenkins, Terria <tjenkins@bsk.com>  
**Subject:** Pinnacle Employee Services -

**FOR SETTLEMENT PURPOSES PURSUANT TO FRE 408**

Dear Ms. Glaser and Mr. Decker,

I am writing on behalf of our client Pinnacle Employee Services and its principal Mike Allen.

While our client believes it has superior rights to the Pinnacle name, to avoid further dispute, it is in the process of changing the name for its HR business unit. We expect the transition to new name for this entity to be completed in approximately 2-3 months.

We look forward to your acknowledgement in this matter.

Regards,

**Terria P. Jenkins**

Senior Counsel

**Pronouns:** she/her

Business-IP

585.362.4716 Direct

585.362.4701 Fax

[tjenkins@bsk.com](mailto:tjenkins@bsk.com)



350 Linden Oaks, Third Floor, Rochester, NY 14625-2825

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For informed business counsel on COVID-19 issues, visit Bond's [COVID-19 Essential Resources for Business page](#). To subscribe to our e-mails regarding COVID-19 or other topics, [click here](#).

## Pinnacle Employee Services

Pinnacle Employee Services was founded in 2014 as a way to provide businesses in our region with a better way to provide payroll, benefits, and human resources to their employees. With over 16 years of experience in the industry, Mark Pietrowski, Founder, had seen the administrative burden these services took on business management and discovered a PEO would be able to offer a streamlined solution.

Over the years, Pinnacle Employee Services has grown its team of human resource consultants, payroll administrators, and benefits specialists to offer services to over 120 clients and 4,000 active employees in 20 states.

PES is a proud member of the Pinnacle Family of Companies, an organization designed to provide a full range of financial solutions to individuals, businesses, and institutions. For more information on our member companies, visit [PinnacleHoldingCo.com](https://PinnacleHoldingCo.com).



Pinnacle Employee Services is a proud member of the National Association of Professional Employer Organizations (NAPEO).

**KROGH & DECKER, LLP**  
DEREK C. DECKER, SBN 232243  
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Sacramento, California 95814  
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Facsimile: 916-498-9005

Attorneys for Plaintiffs  
PINNACLE EMPLOYEE SERVICES, Inc.  
MICHAEL ALLEN

**THE UNITED STATES DISTRICT COURT**  
**EASTERN DISTRICT OF CALIFORNIA**

PINNACLE EMPLOYEE SERVICES, INC.,  
a California Corporation; MICHAEL  
ALLEN, an individual,

Plaintiffs,

v.

PINNACLE HOLDING COMPANY, LLC,  
a Delaware Limited Liability Company,

Defendant.

Case No.: 2:22-CV-01367-KJM-CKD

**DECLARATION OF LATIFA PACHECO**

**SUIT FILED:**

**AUGUST 1, 2022**

I, LATIFA PACHECO, under the penalty of perjury and pursuant to 28 U.S.C. § 1746,  
declare as follows:

1. I make this Declaration from my own personal knowledge, except where stated  
on information and belief. If called as a witness, I could testify to the facts stated herein.

2. I am a business owner. I met the Plaintiff, Michael Allen, a month ago through  
my business contacts. Shortly after meeting him, I retained the services of his business  
Plaintiff Pinnacle Employee Services ("Pinnacle") to assist me in managing my business  
with regard to payroll preparation.

3. On December 7, 2022, I was looking for Pinnacle's website to access certain  
information. I searched for Plaintiff Pinnacle on Google by putting the words "Pinnacle





1 Employee Services" into the search bar.

2 4. But I was led to another website, [www.pinnacleemployeeservices.com](http://www.pinnacleemployeeservices.com). I now  
3 know that the website belongs to Defendant Pinnacle Holding Company ("PHC"), and not  
4 Pinnacle as Michael's business.

5 5. At first, I didn't realize that I was on the Defendant PHC's website. I thought the  
6 website belonged to Pinnacle and Michael Allen. But I couldn't find the information I was  
7 looking for on the website, and I was left confused.

8 6. To clarify the situation, I had to message Michael Allen personally.

9 7. Thankfully, Michael Allen sent me the link to his business Pinnacle's website. I  
10 then realized that Defendant PHC was not associated with Michael Allen or Pinnacle, but  
11 a separate company instead that also does the same business.




12 8. I had thought that the website [www.pinnacleemployeeservices.com](http://www.pinnacleemployeeservices.com) belonged  
13 to Plaintiffs Pinnacle and Michael Allen because the name of the Defendant PHC's  
14 business and website is exactly the same as Plaintiff Pinnacle's business. I was also  
15 confused because Defendant PHC's business offers payroll preparation services, just like  
16 Plaintiff Pinnacle. It was Plaintiff Michael Allen personally who finally led me to the correct  
17 website I was looking for.

18 I declare under the penalty of perjury under the laws of California and the United  
19 States of America that the foregoing is true and correct.

20  
21 DATED: December 15, 2022

By:   
LATIFA PACHECO



< (917) 783-2514   

11:51 AM



Where can I find the New Hire Package on your website?

<https://pinnaclehro.com/forms-for-employers/>



**Pinnacle Employee Services**

As a Professional Employer Organization we help our  
pinnaclehro.com



Thanks

Also need to apply for your state employment ID number with EDD.



You're welcome



Text



< (917) 783-2514



Also need to apply for  
your state employment ID  
number with EDD.

You're welcome

I was on the wrong  
website 🙄

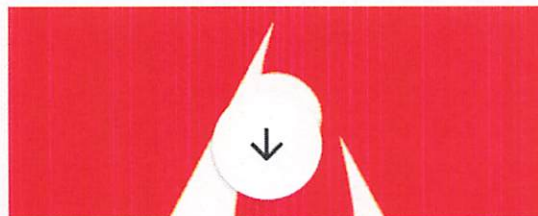


Oh shoot! I will do that  
today or tomorrow

Can you send me a  
screenshot of the  
website you were on?  
Thanks

It would help me a lot.

<https://www.pinnacleemployeeservices.com/>



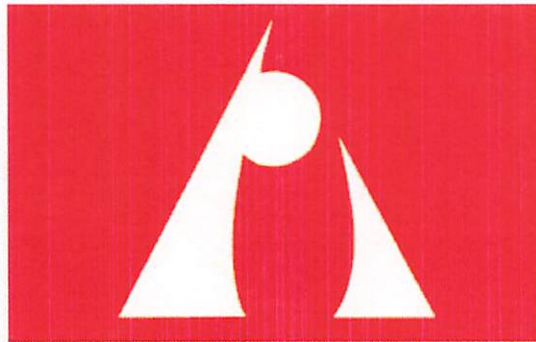
Text



< (917) 783-2514



<https://www.pinnacleemployeeservices.com/>



**Pinnacle Employee Services**

Streamlining payroll, benefits  
administration, human

[www.pinnacleemployeeservices.c](http://www.pinnacleemployeeservices.com)

Thank you so much!

Do you want her to fill out  
all of those forms or just  
the New Hire packet?

Hire packet, w4 and I9

Ok. Thanks

Now



Text





**OPERATING AGREEMENT****OF****PINNACLE EMPLOYEE SERVICES, LLC**

THIS OPERATING AGREEMENT is entered into and shall be effective as of the 17th day of July, 2014 (the "Effective Date") by and among Gregg A. Kidd, an individual with an address at 507 Plum Street, Suite 120, Syracuse, New York 13204 as manager (the "Manager"), and PINNACLE HOLDING COMPANY, LLC, a Delaware limited liability company with an address at 507 Plum Street, Suite 120, Syracuse, New York 13204 as sole member (the "Member"), with respect to PINNACLE EMPLOYEE SERVICES, LLC, a Delaware limited liability company (the "Company").

WHEREAS, the Member desires to adopt this Operating Agreement as the Operating Agreement of the Company.

NOW, THEREFORE, the Member hereby agrees as follows:

**SECTION 1  
THE COMPANY**

**1.1 FORMATION.** The Company was formed on behalf of the Member on July 17, 2014 upon the filing of the Certificate of Formation (the "Certificate") with the Department of State of the State of Delaware. The Member hereby agrees that the rights and obligations of the Member, the Manager and the Company shall be governed by this Agreement, the Certificate and the provisions of the Limited Liability Company Act of Delaware, as the same may be amended from time to time (or any corresponding provisions of succeeding law) (the "Act").

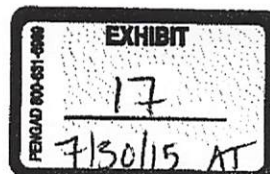
**1.2 NAME.** The name of the Company shall be PINNACLE EMPLOYEE SERVICES, LLC, a Delaware limited liability company, and all business of the Company shall be conducted in such name.

**1.3 PRINCIPAL PLACE OF BUSINESS.** The principal place of business of the Company shall be 507 Plum Street, Suite 120, Syracuse, New York 13204.

**1.4 PURPOSE.** The purpose of the Company shall be to transact any and all business which may be legally transacted by a limited liability company pursuant to the Act.

**1.5 TERM.** The term of the Company shall be perpetual unless the Company is earlier dissolved pursuant to the Act.

**1.6 FILINGS.** The Certificate has been filed in the office of the Delaware State Department of State in accordance with the provisions of the Act. The Manager shall take any and all other actions reasonably necessary to perfect and maintain the status of the Company as a limited liability company under the laws of the State of Delaware and shall cause amendments to the Certificate to be filed whenever required by the Act. Such amendments may be executed by the Manager.





**SECTION 2**  
**MEMBER; CAPITAL CONTRIBUTION; PROPERTY**

**2.1 MEMBER.** Pinnacle Holding Company, LLC is the sole Member of the Company. Its address is 507 Plum Street, Suite 120, Syracuse, New York 13204. The Member is hereby admitted as a Member of the Company as of the Effective Date.

**2.2 CAPITAL CONTRIBUTION.** The Member has contributed the sum of \$1.00 as a capital contribution to the Company ("Capital Contribution").

**2.3 LIMITED LIABILITY.** The Member shall not be liable for the debts, liabilities, contracts or any other obligations of the Company.

**2.4 PROPERTY.** All property owned by the Company shall be owned by the Company as an entity and, insofar as permitted by applicable law, the Member shall not have any ownership interest in any Company property in its individual name or right. The Member's ownership interest shall be personal property for all purposes.

**SECTION 3**  
**PROFITS, LOSSES AND DISTRIBUTIONS**

**3.1 PROFITS, LOSSES AND DISTRIBUTIONS.** All profits, losses and distributions shall be allocated and distributed only to the Member.

**SECTION 4**  
**MANAGEMENT**

**4.1 APPOINTMENT; AUTHORITY.** Gregg A. Kidd is hereby appointed Manager of the Company. The Manager shall have the sole and exclusive right to manage the business and affairs of the Company, shall have all of the rights and powers which may be possessed by managers under the Act, shall have the right to admit additional Members and/or Managers on such terms and conditions as he shall determine and is hereby authorized to take all steps and actions necessary and/or advisable to accomplish the purposes of the Company.

**4.2 RIGHT TO RELY.** Any person dealing with the Company may rely upon a certificate signed by the Manager as to: (a) the identity of the Manager or any Member; (b) the existence or nonexistence of any fact or facts which constitute a condition precedent to any acts by the Manager of which are in any other manner germane to the affairs of the Company; (c) the person or persons who are authorized to execute and deliver any certificate, instrument or document on behalf of the Company; or (d) any act or failure to act by the Company or any matter whatsoever involving the Company or the Member.

**4.3 REMOVAL.** The Manager may be removed at any time, with or without cause, by the Member.

**4.4 DUTIES AND OBLIGATIONS OF THE MANAGER.**

(a) The Manager shall take all actions which may be necessary or appropriate for the continuation of the Company's valid existence as a limited liability company under the laws of the State of Delaware (and of each other jurisdiction in which such existence is necessary to protect the limited liability of the Member or to enable the Company to conduct the business in which it is engaged).

(b) The Manager shall have the fiduciary duty to conduct the affairs of the Company in the best interest of the Company and the Member, including the safekeeping and use of all property of the Company, whether or not in the immediate possession or control of the Manager, and shall not employ or permit another to employ Company assets in any manner except for the exclusive benefit of the Company.

(c) The Manager shall devote to the Company such time as may be necessary for the proper performance of all duties hereunder; provided, however, in no event shall the Manager be required to devote full time to the performance of such duties.

#### 4.5 INDEMNIFICATION.

(a) No Manager or Member of the Company shall be liable to the Company or the Member for monetary damages for an act or omission in such person or entity's capacity as a Manager or a Member, except for (i) acts or omissions which the Manager and/or the Member knew at the time of the acts or omissions were clearly in conflict with the interests of the Company or (ii) any transaction from which the Manager and/or the Member derived an improper personal benefit. If the Act is amended to authorize action further eliminating or limiting the liability of managers or members, then the liability of a Manager or Member of the Company shall be eliminated or limited to the fullest extent permitted by the Act as so amended. Any repeal or modification of the governing sections of the Act shall not adversely affect the right or protection of a Manager or Member existing immediately before such repeal or modification.

(b) The Company shall indemnify the Manager and the Member to the fullest extent permitted or required by the Act, as amended from time to time, and the Company may advance expenses incurred by the Manager or Member upon the approval of the Manager and the receipt by the Company of an undertaking by the Manager or Member to reimburse the Company unless it shall ultimately be determined that such Manager or Member is entitled to be indemnified by the Company against such expenses. The Company may also indemnify its employees and other representatives or agents up to the fullest extent permitted under the Act or other applicable law, provided that the indemnification in each such situation is first approved by the Manager.

(c) The indemnification provided by this Agreement shall: (i) not be deemed exclusive of any other rights to which a person or entity seeking indemnification may be entitled under any statute, agreement or otherwise, both as to action in official capacities and as to action in another capacity while holding such office; (ii) continue as to a person or entity who ceases to be a Manager or Member; (iii) inure to the benefit of the estate, heirs, executors, administrators or other successors of an indemnitee; and (iv) not be deemed to create any rights for the benefit of any other person or entity.

(d) The details concerning any action to limit the liability, indemnify or advance expenses to a Manager, Member or other person or other entity taken by the Company shall be reported in writing to the Member with or before the notice or waiver of notice of the next meeting of Members or with or before the next submission to the Member of a consent to action without a meeting or, if sooner, separately within ninety (90) days immediately following the date of the action.

**4.6 COMPENSATION.** The Manager may charge the Company for any reasonable expenses incurred in connection with the business of the Company. The Manager shall not be entitled to receive any other fees or compensation for serving in such capacity, unless such fees or other compensation are approved by the Member.

**SECTION 5**  
**MISCELLANEOUS**

**5.1 NOTICES.** Any notice, demand or communication required or permitted to be given by any provision of this Agreement shall be in writing and shall be delivered personally to the person or to an officer of the person to whom the same is directed, or sent by regular or certified mail, or by a national overnight courier service, addressed as follows: if to the Company, to the Company at the address set forth in Section 1.3 hereof, or to such other address as the Company may from time to time specify by notice to the Member; if to the Member, to such Member at the address set forth in Section 2.1 hereof, or to such other address as such Member may from time to time specify by notice to the Company; and if to a Manager, to such Manager at the address set forth in the introductory paragraph hereof, or to such other address as such Manager may from time to time specify by notice to the Member. Any such notice shall be deemed to be delivered, given and received for all purposes as of the date (i) actually received, if delivered personally or if sent by regular mail or overnight courier; or (ii) as of the date on which the same was deposited in a regularly maintained receptacle for the deposit of United States mail, if sent by certified mail, postage and charges prepaid.

**5.2 HEADINGS.** Section and other headings contained in this Agreement are for reference purposes only and are not intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof.

**5.3 SEVERABILITY.** Every provision of this Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity or legality of the remainder of this Agreement.

**5.4 ADDITIONAL DOCUMENTS.** The Member, upon the request of the Manager, agrees to perform all further acts and execute, acknowledge and deliver any documents that may be reasonably necessary, appropriate or desirable to carry out the provisions of this Agreement.

**5.5 VARIATION OF PRONOUNS.** All pronouns and any variations thereof shall be deemed to refer to masculine, feminine or neuter, singular or plural, as the identity of the person(s) may require.

**5.6 DELAWARE LAW.** The laws of the State of Delaware shall govern the validity of this Agreement, the construction of its terms and the interpretation of the rights and duties of the Member and the Manager.

**5.7 BINDING EFFECT.** This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

**FILED: ONONDAGA COUNTY CLERK 09/10/2018 04:26 PM**

INDEX NO. 2014EF5036

NYSCEF DOC. NO. 307

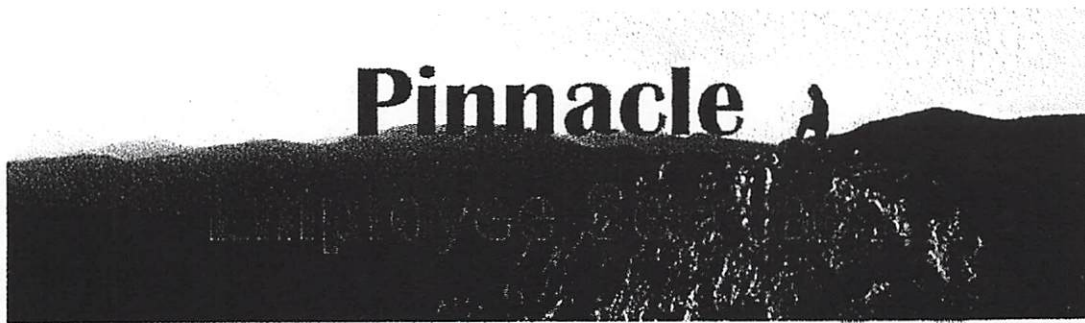
RECEIVED NYSCEF: 09/10/2018

IN WITNESS WHEREOF, this Operating Agreement has been executed effective as of the Effective Date.

  
\_\_\_\_\_  
Gregg A. Kidd  
Manager

PINNACLE HOLDING COMPANY, LLC  
Member

  
\_\_\_\_\_  
By: Gregg A. Kidd  
Its: Managing Member



Pinnacle Employee Services, LLC.

Business Plan

Owners:

Gregg Kidd

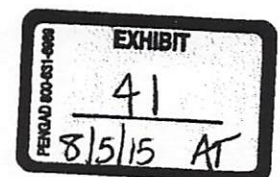
Eric Krouse

Mike Lucia

Heidi Lupi

Mark Pietrowski

August 26, 2014





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## **Executive Summary**

### **Financing Request:**

Michael Lucia, Heidi Lupi, and Mark Pietrowski are seeking financial partners to start a Professional Employer Organization (PEO). Mr. Lucia, Mrs. Lupi and Mr. Pietrowski are seeking financing totaling \$32,000 over the next twelve weeks. The financing will be used as follows:

- Leasing of software: \$5,000 (first three months)
- New York State PEO Registration: \$4,000 (\$1,000 each)
- Check Sealer: \$6,000
- Draws for Executives: \$27,000 (first three months)

### **Summary of the Business Plan:**

Mike Lucia, Heidi Lupi and Mark Pietrowski will be starting a PEO. Pinnacle Employee Services, LLC. will be a full service PEO. It will be founded on offering payroll services to its clients. Along with payroll, Pinnacle Employee Services, LLC. will offer Cafeteria 125 benefit administration, 401(K) and Roth IRA retirement plan management, as well as a suite of supplemental insurance options that clients will be able to sign up for on an as desired basis.

## **Description of Business**

### **Business Name:**

Pinnacle Employee Services, LLC.

### **Type of Business:**

Pinnacle Employee Services, LLC. will be a full service Professional Employer Service

### **Status of Business:**

Start up

### **Business Form:**

The Business will be incorporated and owned by Gregg Kidd, Eric Krouse, Mike Lucia, Heidi Lupi, and Mark Pietrowski.

Shares Breakdown:

|             |       |             |     |          |     |     |
|-------------|-------|-------------|-----|----------|-----|-----|
| Year One    | H,M,M | 33.33% each | G,E | 0% each  | PES | 0%  |
| Year Two    | H,M,M | 30% each    | G,E | 4% each  | PES | 2%  |
| Year Three  | H,M,M | 25% each    | G,E | 10% each | PES | 5%  |
| Year Four + | H,M,M | 20% each    | G,E | 15% each | PES | 10% |

H, M, M = Heidi, Mark, Mike

G, E = Gregg, Eric

PES = Pinnacle Employee Services

### **Hours of Operation:**

Monday through Friday: 8:00am – 5:00pm

**The Company:**

The concept for Pinnacle Employee Services, LLC. developed because of the desire for a stable, friendly, professional PEO which Mike, Heidi and Mark believe can exist. They have each spent many years working for others who do not hold the same professional or personal ideals as they do. They believe that now is the time to put their collective decades of experience to work for themselves and they believe that the Pinnacle family of Companies is the perfect partner to help bring their dreams to life.

**Competition**

**Comparison of Competition:**

**Name:** Staff Leasing Inc.

**Product/Service:** Professional Employer Organization

**Competitive Advantages:**

- Established PEO (25 years in industry in Syracuse, NY)
- Working knowledge of the community

**Competitive Disadvantages:**

- Outdated presentation
- Limited access and ability for clients
- Limited vision by President
- Disgruntled staff

**Competitive Edge:**

Pinnacle Employee Services, LLC. is being founded by individuals who not only want to create a financially successful business, but also offer a PEO which can cater to its clients. Most of the PEOs in today's market force clients into a mold and require them to conform to the PEO's requirements. While there are some areas where individual clients cannot deviate, i.e. adhering to wage and hour laws, there are some areas where the client should be able to decide which services to participate in and which they

may elect out of. Along with this, clients should feel like they are partnering with a service that cares about their organization and its success, not just about making money off of them. The founders of Pinnacle Employee Services, LLC. believe that by working with our clients we can keep them for many years to come, and create a dynamic relationship that will have clients happily spreading praises to their colleagues throughout their respective industries.

## **Marketing**

### **Marketing Information:**

The initial market for Pinnacle Employee Services, LLC. will be the greater Syracuse, NY area. This will include areas as far north as Oswego and as far south as Ithaca. It will also include areas between Auburn and Rome.

Once Pinnacle Employee Services, LLC. has contracted 100 clients, it plans to expand its market to Rochester, Albany, Buffalo, Long Island and NY City.

### **Pricing:**

Based on current practices, Pinnacle Employee Services, LLC. will have the following starting price points for client administrative fees.

- Less than \$100,000 in expected gross wages: Min \$50 per week.
- Between \$100,000 and \$500,000: 4%
- Between \$500,000 and \$1,000,000: 2.5%
- Between \$1,000,000 and \$10,000,000: 1.5%
- Greater than \$10,000,000: 1%

Additional areas which are profit centers can include State Disability Insurance, State Unemployment Insurance, and Cafeteria 125 plan tax credits.



### **State Disability Insurance**

As an example, a PEO negotiates an employer cost for disability at \$25.00 per employee, annually. The PEO bills their clients 0.5% of all gross wages for disability insurance. If the PEO processed \$100 million in gross wages they would have billed their clients \$500,000 in SDI payments. If the PEO only had 4,000 employees, their premium would only be \$100,000, leaving the PEO with a profit of \$400,000.

### **State Unemployment Insurance**

As an example, a PEO has an experience rating for unemployment insurance of 6%. The PEO bills its clients 6.5% for unemployment insurance. If the PEO has 4,000 employees who reach the New York maximum of \$10,300 in annual wages, they would have billed their clients \$2,678,000 for a liability of \$2,472,000, a profit of \$206,000.

### **Cafeteria 125 Plan FICA Credits**

As an example, if a PEO has an average employee cost of \$150 per week for Cafeteria 125 plans (medical, dental, etc.) they receive a tax credit of \$11.43 per week in FICA reductions. However, the PEO bills the client FICA on gross wages paid. If the PEO averaged 1,000 employees participating in its benefit plan, it would profit \$11,430 in FICA credits.

## **Management**

### **Company Management:**

Pinnacle Employee Services, LLC. will be owned by Gregg Kidd, Eric Krouse, Mike Lucia, Heidi Lupi, and Mark Pietrowski. It will be operated by Mike Lucia, Heidi Lupi, and Mark Pietrowski. Mike Lucia has over ten years of experience managing payroll operations for large market companies to include the U.S. Army, the nation's largest AV integrator and the PEO he currently works for. Heidi Lupi has over 28 years of experience managing Benefits and Human Resource for national companies as well as the current PEO she works for. Mark Pietrowski has over 20 years of sales experience. He has been selling payroll as a solution for the past eleven years. Prior to that he sold advertising with a national vendor for ten years.

Day-to-day operations will be managed by Mike Lucia, Heidi Lupi and Mark Pietrowski. Any major capital purchase requirements or major investments will require discussions and majority decision from all five owners.

## **Personnel**

### **Present Personal Needs:**

Mike Lucia, Heidi Lupi, and Mark Pietrowski will manage all aspects of Pinnacle Employee Services, LLC. initially. New staff will be hired when the following client acquisition goals are met.

| <b>Position</b>        | <b>Clients</b>         | <b>Rate of Pay</b> |
|------------------------|------------------------|--------------------|
| Payroll Administrator  | After (every) 50       | \$35,000           |
| Benefits Administrator | After (every) 50 (100) | \$35,000           |
| Customer Service Rep   | After (every) 100      | \$45,000           |
| AR/AP Accountant       | After 150              | \$40,000           |
| G/L Accountant         | After 250              | \$50,000           |
| Receptionist           | After 100              | \$30,000           |
| Sales                  | After (every) 100      | \$36,000 + Comm.   |

**Application and Expected Use of Funds**

|  |                    |
|--|--------------------|
| Leasing of Software (SaaS)                     | \$5,000.00         |
| New York State PEO Registration (\$1,000 each) | \$4,000.00         |
| Check Pressure Sealer                          | \$6,000.00         |
| Executive Draws                                | \$27,000.00        |
| <b>Total</b>                                   | <b>\$42,000.00</b> |

## **S. W. O. T. Analysis**

### **Purpose:**

The purpose of this analysis is to identify the Strengths, Weaknesses, Opportunities and Threats that Pinnacle Employee Services, LLC. has and will face.

### **Strengths:**

Pinnacle Employee Services, LLC. has a strong team with great industry knowledge.

### **Sales**

Mark Pietrowski has eleven years of experience selling payroll as a service. He has been with Staff Leasing for five years and was selling payroll for PayChex for six years before joining Staff Leasing. Prior to selling payroll as a service, Mark sold advertising for Lamar Advertising Company for ten years.

Mark's many years of sales experience make him the perfect choice to launch Pinnacle Employee Services, LLC. and help it grow well beyond its breakeven point as quickly as possible.

### **Human Resource / Client Relations**

Heidi Lupi has been a leader of Staff Leasing's Customer Service team for the past three years. In her role, Heidi has had to have a working knowledge of most of the functions of a PEO. She has to be knowledgeable of service contracts, payroll, human resource, benefits administration, and worker's compensation.

Prior to joining Staff Leasing, Heidi was an HR Supervisor at Penn Traffic for twenty-eight years. In her role with Penn Traffic, Heidi's extensive knowledge of human resource policies and practices made her the go-to resource when quick, concise, and correct answers were needed.



### **Payroll**

Mike Lucia brings over ten years of Payroll Management experience and expertise. For the past three years, Mike has been the Payroll Manger at Staff Leasing. Prior to being headhunted by Staff Leasing, Mike was the Payroll Supervisor for AVI-SPL for five years.

As the Payroll Manger at Staff Leasing Mike has learned many of the responsibilities needed to operate a successful PEO in New York. Mike is the subject and software expert when it comes to payroll and the many other components that make the total compensation package for employees. Everyone who works at Staff Leasing has come to Mike for answers to help assist with Sales, Benefits, Customer Service, Accounting and Executive Management.

### **Weaknesses:**

The first weakness Pinnacle Employee Services, LLC. will need to overcome is starting the business. While Mike Lucia, Heidi Lupi, and Mark Pietrowski are all confident they have researched all the components required, there may still be a couple they are not aware of due to no or limited exposure.

The second weakness that Pinnacle Employee Services, LLC. will need to overcome is attracting clients to a new company. While the owners believe they have all the knowledge and skills needed to operate a successful PEO, signing our first few clients and getting established will be critical.

### **Opportunities:**

There is an unlimited pool of potential clients. Everyone who works is required to receive a pay check. This makes business a potential customer. Mark is already an established member of the community with a vast network of contacts that can help produce solid leads for new customers. There is also the potential to 'pull' existing customers from Staff Leasing to Pinnacle Employee Services, LLC. based on the great working relationships Mike Lucia, Heidi Lupi and Mark Pietrowski have developed during their tenure. Additionally, Pinnacle Investments has a vast customer base using their other services. Adding payroll as a service

for their customers will allow Pinnacle to strengthen their relationships with existing customers.

**Threats:**

Immediate threats to Pinnacle Employee Services, LLC. are other PEO services. These include Staff Leasing, Onondaga Leasing, HR One, Pay Chex, and ADP to name a few.

Additional threats include client ignorance. Pinnacle Employee Services, LLC. holds the liability for wages to be paid to employees. If clients do not understand the laws, they could potentially leave Pinnacle Employee Services, LLC. with exposure wages needing to be paid.

Client and employee data and information will need to be protected from theft or exposure.

**FILED: ONONDAGA COUNTY CLERK 03/24/2016 04:42 PM**

INDEX NO. 2014EF5036

NYSCEF DOC. NO. 56

RECEIVED NYSCEF: 03/24/2016

# EXHIBIT 14

## Finally, a Turnkey Solution for Human Resources that Works.

Let's face it. If you are like most business owners, you hate managing the details of human resources. And who can blame you. You're busy running your business, growing your business and just plain taking care of business. You don't have the time. You may not have the resources. That's where Pinnacle Employee Services comes in!

We will manage your payroll, benefits, workers compensation, disability, 401K administration and keep up with ever-changing regulations of COBRA, FLSA, ERISA and the ACA.

But that's not all. We can help you customize your employee policies specific to your business. We'll create your employee handbook and formalize other key documentation.

Plus, with Pinnacle Employee Services, your business can offer a full suite of benefits. This will help your business attract and retain employees.

We'll take care of it all. Imagine having the time you need to manage and grow your business.

With your secure login you'll have 24/7 access to the Pinnacle Employee Services Online Center, review reports, employee data and easily download the forms you need. A representative is just a phone call or email away to answer any question you may have.



**Management of:**  
-Employee Handbook Development  
-Developing Job Descriptions  
-Developing HR forms  
-Employee Records  
-Unemployment Claims  
-Required Labor Postings  
-Employee On-Boarding

**Compliance & Record Keeping for:**  
-Employee Personnel Files  
-Form I-9  
-Wage Theft Prevention Act  
-COBRA  
-FMLA

**Workers Compensation Management:**  
-Assist with Workers Comp Classification Codes  
-Collect insurance premiums per pay period  
-Provide audit wage reports  
-Assist with C2 accident reporting  
-Assist with establishing pay as you go with options

**Employee Benefits & Services:**  
-Administration of all Employee Benefits:  
-Multiple medical, vision, prescription and dental plans  
-401(k) plan with multiple investment options  
-Life Insurance  
-Employee Assistance Program (EAP)  
-Many other voluntary benefits



**Management & Compliance:**  
-Review and enroll all benefit plans with staff  
-Respond to various employee inquiries  
-Administer open enrollment  
-Administer Section 125 Flex Plan

**Payroll Services:**  
You provide the wage and hour information and we'll take care of everything else.  
-Payroll Administration  
-Process Payroll Gross-To-Net  
-Print Checks and Deposit Advices  
-Provide Payroll Reports  
-Respond to employment and wage verifications  
-Manage employee inquiries

**Compliance**  
-Payment of Federal and State withholding taxes  
-Payment of Federal and State unemployment taxes  
-Process Payroll Tax Return  
-Management of state mandated disability insurance  
-Employee W-2 printing

**Other Services**  
-Process Wage Attachments such as:  
-Child Support  
-Tax Levies  
-Garnishments  
-Paid Time Off (PTO) records  
-Departmental billing  
-Job Costing  
-Certified Payroll Reports  
-Employee FLSA classification assistance

**Training:**  
-Sexual Harassment  
-Hiring & Terminations  
-Interviewing  
-Workplace Violence

## How it All Works.

Pinnacle Employee Services (PES) is a Professional Employee Organization (PEO). PES enables clients to cost-effectively manage human resources, employee benefits, payroll and workers compensation.

Businesses today need help managing increasingly complex employee related matters such as health benefits, workers' compensation claims, payroll, payroll tax compliance, and unemployment insurance claims. They contract with a PEO to assume these responsibilities and provide expertise in human resources management. This allows the PEO client to concentrate on the operational and revenue-producing side of its business.

Businesses across America have discovered the incredible value of PEOs because they provide: Relief from the burden of employment administration. A wide range of personnel management solutions through a team of professionals. Improved employment practices, compliance and risk management to reduce liabilities. Access to a comprehensive employee benefits package, allowing clients to be competitive in the labor market.

Getting started with Pinnacle Employee Services is easy! Schedule your FREE HR Review & Needs Analysis today.



**Pinnacle**  
Employee Services

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## Advantages of Pinnacle Employee Services:

**Scalable:**  
We are the perfect choice for any size business and our services are built to grow as your business grows.

**Affordable:**  
Now you can have a complete human resources, benefits and payroll service for one small fee.

**Local:**  
We are based in the Greater Syracuse Area. Most of our staff are native to the Central NY Region.

**Experienced:**  
Our team has over 40 years of HR and Payroll experience.

**The Entire Pinnacle Family:**  
We bring the expertise and the success of the entire Pinnacle Family of Companies to the table and can provide comprehensive wealth management. This can include investment, retirement planning, trusts, capital management, insurance and much more.



# What is Co-Employment (and why it makes sense to put us to work for you.)

A Professional Employer Organization (PEO) offers co-employment for the benefit of their clients. This provides the client to cost-effectively outsource the management of human resources, employee benefits, payroll and workers' compensation.

Chances are your business needs help managing the increasingly complex employee related matters such as health benefits, workers' compensation claims, payroll, payroll tax compliance, and unemployment insurance claims. When you work with Pinnacle Employee Services we assume these responsibilities and provide expertise in human resources management. This allows you to concentrate on the operational and revenue-producing side of your business.

We'll provide integrated services to effectively manage critical human resource responsibilities and employer risks for you. Pinnacle Employee Services provides these services by establishing and maintaining an employer relationship with the employees at the your work site(s) and by assuming certain employer rights, responsibilities, and risks.

Businesses across America have discovered the incredible value of PEOs such as Pinnacle Employee Services because they provide:

- Relief from the burden of employment administration.
- A wide range of personnel management solutions through a team of professionals.
- Improved employment practices, compliance and risk management to reduce liabilities.
- Access to a comprehensive employee benefits package, allowing clients to be competitive in the labor market.

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# Illustrating the Pinnacle Co-Employment Relationship

(You are the boss. You call the shots.  
We'll just manage the people part of your business.)

Make no mistake. You are still in charge! You call the shots, hire and fire when necessary. Your employees still report to you and follow your direction.

When employees need questions answered in regards to their benefits, payroll and other human resource matters they can come to us for the answers.

Imagine not having to take time out of your day to explain the nuances of Health Coverage, 401k options, payroll and other on-going HR needs.

That's where we step in. Pinnacle Employee Services assists our clients with day to day HR and benefit needs. We are also here to answer employee questions.

Let's face it. You want happy employees and employees want to work for companies that offer a competitive benefits package and a knowledgeable HR team. With Pinnacle Employee Services both employers and employees win with a partner they both can trust. Why wait? You're the boss. Make the call today!



**1: The Pinnacle Employee Services service contract**

**2: The shared responsibilities of Pinnacle, your business & its employees.**

**3: The relationship & responsibilities of your business and your employees**

**4: Communication regarding payroll, benefits and other human resource matters between Pinnacle and your employees.**

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